

Budget 2021 initiatives will save jobs, keep companies afloat, say economists

By Minderjeet Kaur - November 11 '20 1:52 PM



The RM2 billion Penjana Kerjaya programme is expected to benefit some 250,000 job seekers. (Bernama pic)

PETALING JAYA: Economists and the country's largest bosses group have welcomed initiatives in the budget aimed at preventing unemployment and keeping businesses afloat.

Yeah Kim Leng, an economist attached to the Sunway University Business School said the initiatives which include hiring incentives, wage subsidies and retraining programmes will help ensure that people have jobs.

But, he warned, the effectiveness of these measures also hinge on the severity of the Covid-19 crisis.

"There is a lot of aid for the people but consumer spending may drop if the conditional movement control order (CMCO) is prolonged to contain the spread of Covid-19," he told FMT.

Among the initiatives which Yeah said will help, includes incentives to hire the disabled, ex-convicts, single mothers and those who have been unemployed for some time, as well as tax deductions for hiring senior citizens.



Yeah Kim Leng.

There is also the RM2 billion Penjana Kerjaya programme which is expected to benefit some 250,000 job seekers through the provision of incentives for employers to hire new staff.

Through this programme, employers will get 40% of a new employee's income for six months capped at RM4,000 a month. Essentially, this allows employers to hire high-skilled workers with a salary of up to RM10,000 and receive a 40% incentive of up to RM4,000 per month for six months.

Another key initiative is the expansion of the upskilling and reskilling programme through a RM1 billion allocation, as well as the RM50 million allocation to retrain 8,000 retrenched airline staff.



Hoo Ke Ping.

Another initiative to keep unemployment low, Yeah said, is MyStep, a short-term employability programme which will provide 50,000 contract jobs with the government as well as government-linked companies and government-linked investment companies.

Meanwhile, economist Hoo Ke Ping, an adviser at Kingsley Strategic Institute, said the initiatives will help curb retrenchments in the private sector.

"The government can only offer jobs in the civil service, but with the initiatives for the private sector, at least there won't be a spike in unemployment."



Shamsuddin Bardan.

Malaysian Employers Federation (MEF) executive director Shamsuddin Bardan said the wage subsidies and incentives for hiring the disabled and those who have been without jobs for a long time were most welcome, given the economic slowdown.

"Most of the incentives given to us will see employers retaining their workers," he added.

Shamsuddin said the reduction of workers' EPF contribution from 11% to 9% will ensure they have more cash which will likely go back into the market.

"The government did what they could during these hard times," he added.